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June 23, 2000

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie R. Salas
Office of the Secretary
Federal Communications Commission
445 12th Street, TW-A325
Washington, D.C. 20554

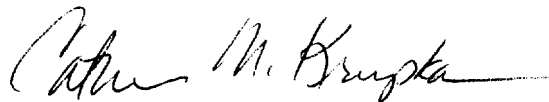
Re: In the Matter of Compatibility Between Cable Systems and
Consumer Electronics Equipment; PP Docket No. 00-67

Dear Ms. Salas:

Enclosed for filing in the above-captioned docket are two copies of a letter sent today by the Consumer Electronics Retailers Coalition (CERC) to Chairman William E. Kennard regarding the June 13, 2000 letter from Robert Sachs, President and CEO, National Cable Television Association (NCTA) to Chairman Kennard on consumer electronics equipment labeling.

If you have any questions about this matter, please contact the undersigned.

Respectfully submitted,



Catherine M. Krupka

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Consumer Electronics Retailers Coalition

June 23, 2000

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

The Honorable William E. Kennard
Chairman
Federal Communications Commission
445 12th Street, SW Room 8-B201
Washington, D.C. 20554

Re: In the Matter of Compatibility Between Cable Systems and
Consumer Electronics Equipment; PP Docket No. 00-67

Dear Mr. Chairman:

We have read with interest the June 13 letter from Mr. Sachs, President of the National Cable Television Association (NCTA), with respect to the pending proceeding in this docket. On the merits, the Reply Comments of our Consumer Electronics Retailers Coalition (CERC) specifically and logically demonstrate why the labeling proposals, in question, are clearly flawed. It is the assumptions about process, standing, and good faith contained in this letter that we wish to address.

Mr. Sachs asks the Commission to dismiss the timely objections of CERC and others as "belated criticism." Yet the text of the CEA/NCTA labeling recommendation was not available to any CERC member until after May 24, the Commission's comment date. All comments by CERC and its members pertaining to this docket were timely filed, according to the schedule established by the Commission. Mr. Sachs' comment betrays an attitude that, while NCTA's recommendations, comments, and, indeed, reply comments are all vital and official, retailers and other members of the public should have no standing whatever.

Mr. Sachs dismisses official commenters as "Monday morning quarterback[s]" by reading the NPRM in this docket as "having asked

our two industries [cable and CE manufacturers] to resolve" the labeling issue. Nowhere did the NPRM do this. It recited the history of these industries' *failure* to conclude discussions on this subject (par. 3); asked a series of questions *for public comment* as to labeling, and possible mandatory specification of the 1394 interface, for OpenCable purposes (par. 18); and – observing that possible further private sector agreement might obviate the need for regulation – asked for *public comment* as to "how our processes do and should interact with private sector standards approval procedures." (par. 22). Nowhere did, or could, the NPRM request comment or other submissions *only* from CEA and NCTA participants.

It is particularly troubling that NCTA believes decisions on consumer labeling issues should rest entirely with content distributors and equipment manufacturers. Consumer electronics retailers should have been invited into this process by the other private sector participants, along with the rest of the public, as they were by the Commission. CERC members are the ones who will have to explain any product labels to consumers, and who will have to stand behind any mistakes, inconsistencies, or false assumptions attached to them. The proposed labels are rife with all of these, several of which are repeated in Mr. Sachs's letter. Moreover, it is not in the public interest for the Commission to endorse a labeling proposal that would lead consumers to believe that they may achieve quality digital functionality only by acquiring consumer electronics equipment with the 1394 connector.

The focus of the labeling proposals has been the status of integrated DTV receivers of the sort that would provide entry by consumer electronics retailers into a market that has remained closed to them. To exclude interested retailers now, with respect to a key element pertaining to their market entry, would be not only ungracious, but also unwise. Moreover, if, as Mr. Sachs has claimed, the NCTA/CEA proposal were a "binding agreement" for all participants in two industries to impose limitations on members of a third, it would be of more than questionable legality. Fortunately, according to CEA's filings, CEA does not share Mr. Sachs' understanding that any "binding agreement" exists.

Having voiced public concerns, CERC members stand ready to participate in all remaining processes relevant to this docket, including any lawful private sector negotiations. We believe that the constructive course for the Commission is to recognize the broader interest that has

Chairman William Kennard

June 23, 2000

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been focused on the "labeling" (and other pending) issues as a result of the submissions made to it. If further processes should involve a broader private sector discussion of an appropriate recommended solution, CERC members would be pleased to participate.

Sincerely,

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